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Control of Exports to Soviet Bloc

WHY is Yugoslavia the only country of all those aided by the U. S. that does not send "strategic" materials to the Soviet bloc? Is it because the 60 odd countries receiving aid are not interested in preventing potential war materials from reaching the Soviet Union? Or is it because these countries are literally forced to send some commodities to iron curtain countries?

Without answering these questions, Congress decided that all countries receiving U. S. economic and financial aid (not military) must stop sending certain materials to the Soviet bloc or accept the alternative of having all U. S. aid cut off. This is the essence of the Kem amendment which was attached to the Third Supplemental Appropriations bill and became law on June 2.

The amendment was added because some members of Congress were dissatisfied with the effectiveness of U. S. attempts to prevent strategic materials from reaching Soviet-dominated countries. They pointed to recent trade treaties between Western Europe and the Soviet bloc and reports that machinery, rubber, and other raw materials were being used to further the war potential of the U. S. S. R. The only way to stop this trade, said some members of Congress, is to withdraw U. S. aid to those countries permitting strategic materials to go to Soviet countries. "Strategic" materials are some 1700 commodities certified by the Secretary of Defense on five government lists which include everything from uranium to castor oil, knit bathing suits, and sugar.

The amendment contains an escape clause which allows the National Security Council to make exceptions to the amendment's provisions in the interest of U. S. security. The National Security Council, composed of the President, the Secretaries of Defense, State, Army, Navy, Air Force, and the Chairman of the National Security Resources Board, invoked the escape clause and made a general interim exception to the provisions of the amendment. Such action brought forth the cry that the Administration was flouting the will of Congress.

Effects of Kem Amendment

Many of the nations receiving U. S. aid are "forced" to send "strategic" materials to the Soviet bloc for what they get in return. For example, the Soviet bloc fulfills 22% of Denmark's energy requirements, 40% of Sweden's coal, 30% of the United Kingdom's coarse grain imports, and all of Sweden's potash. Much of the coal comes from Poland and the potash, an important fertilizer, from Eastern Germany. The Soviet bloc will not send Western Europe needed commodities unless certain materials are traded in return. Many of the materials are on the Secretary of Defense' list.

If aid countries did not trade with Eastern Europe, then the U. S. would have to provide the materials. Many of them are already in short supply in the U. S. and cannot be spared. Such a step also would accentuate the present dollar shortage in Marshall Plan countries.

Most of the Asian countries trade to some extent with the Chinese government at Peking. To require them to certify that they are not sending any one of the 1700 commodities to the Soviet bloc will be regarded as dictation by some Asian nations and might limit cooperation with the U. S. on other programs.

If the Kem amendment were enforced immediately, it would mean all Marshall Plan aid and the Point Four program would stop; the grain loan to India and several loans of the Export-Import bank would be cancelled.

New Bill Introduced

Shortly after the adoption of the amendment, a special subcommittee of the House Foreign Affairs Committee submitted a report on "The Control of Exports to the Soviet Bloc." The report showed that the U. S. has developed very effective controls on exports to the Soviet bloc, though the U. S. has been slow in determining what items should be controlled. The delay, in the subcommittee's opinion, has in part been attributable to the lack of a single coordinator to control exports. The report also indicates that other nations have lagged in controlling exports to Soviet countries. A special problem exists in the free-ports of Europe such as Antwerp and Amsterdam. It is difficult for countries to control shipping through these ports.

On the basis of the findings of the subcommittee, Representative Battle, Chairman (D., Ala.), has introduced a bill with the general provisions of the Kem amendment but not quite so drastic. The bill has four essential points and would be a substitute for the Kem amendment:

1. The U. S. would declare an embargo on war materials and certain non-military items to the Soviet bloc and any other nation threatening the security of the U. S. 2. U. S. economic, military, and financial aid to countries would be stopped unless the countries certified that they were not shipping these materials to the Soviet bloc. 3. A single coordinator would be appointed who would be responsible for the control of important exports to the Soviet bloc by the U. S. and other nations receiving our aid. 4. Allowances would be made for countries finding it necessary to ship some commodities to the Soviet bloc because of what they get in return. The list of materials would be subject to modification in the light of changing conditions.

Administration leaders and Congress are agreed that exports to the Soviet bloc should be controlled. The question is, what form shall the control take?

Extension of Controls Debated

ON June 25, five days before the Defense Production and Rent Control Acts expired, the Senate began debate on S. 1717, to extend the authority for wage, price, rent and credit controls. House debate was expected to begin on June 27 at the earliest.

The President and the Defense Mobilizer, Charles E. Wilson, have requested stronger controls to help curb inflation. (See VOTER, 5/15/51 and 6/15/51.) However, the bills reported by both the Senate and House Banking and Currency Committees tremendously weaken present controls legislation. Due to the short amount of time in which differences between the two measures must be reconciled, there is a definite possibility that the existing controls authority will be temporarily extended.

In the Senate bill, consumer credit regulations have been relaxed for new and used automobiles. In the House bill, credit controls on household appliances, radio and television sets have been made less rigid. The House Committee has also relaxed credit regulations on G. I. down payments for homes. Limitations on all future price roll backs are in the Senate bill; the House bill limits roll backs on agricultural products to 90% of the May 19, 1951 price. Both bills allow for a reinstatement of federal rent control in critical defense areas, but a 20% rental increase over the base period is included. An amendment in the House bill "prohibits the importation of . . . articles . . . containing raw materials . . . on which priorities have been established or allocations made." If passed, this amendment would cut off imports vital to our own defense program, and also would violate many of our trade agreements.

How can such action be explained? A U. S. Senator says, "The people have not been hurt yet. There's no real public pressure to keep or improve the present controls on prices."

ON THE AIR . . . Mrs. John G. Lee, national League President, will be on the NAM program, *It's Your Business,* Saturday, July 7—7:00 to 7:15 p.m. EDT, ABC network.

DID YOU KNOW THAT IN THE U.N. . . . *The Food and Agriculture Organization has completed seven projects and initiated field work on 54 others in its Technical Assistance Program?*

House Sets Example

CITIZENS who have complained in the past about the log-rolling tactics that have traditionally accompanied the so-called rivers and harbors bills, recently blinked their eyes and took a second look at an action of the House of Representatives on June 13. In passing H. R. 4386,—the appropriation bill for the civil functions administered by the Army,—the House cut by 20 per cent the amount requested by the Bureau of the Budget principally for the use of the Army Engineers for rivers, harbors and flood control.

The House followed the recommendations of the Appropriations subcommittee which, after long hearings, unanimously reported out a bill which represents a genuine attempt to consider the national interest first. No across-the-board cuts were made, but each project was measured on the basis of certain agreed standards and in the light of a wartime economy. This meant eliminating pet projects of some Congressmen, many of which appeared to be deserving, but no exceptions were made.

Hearings on the bill will start soon in the Senate Appropriations Committee, where, in the past, the greatest increases in appropriations have been made. Many citizens will be following the course of the rivers and harbors bill in the next few weeks to see if the Senate maintains the same nonpartisan approach to governmental economy as the House.

No Nimitz Commission

THE attempt to get the members of the Nimitz Commission and its staff exempted from the "conflict of interest" statutes has ended in failure. In spite of the fact that the House of Representatives had approved the exemption earlier, on June 18 it rejected by a voice vote the identical legislation linked to a bill providing exemption to a staff member of the Senate Rules Committee.

The President had set up the Commission to consider the problems of internal security and individual rights in the present period of tension. (See THE NATIONAL VOTER, 6/1/51). There seems nothing for the President to do but accept the resignations of the Commission members which are on his desk.

★ CONGRESSIONAL SPOTLIGHT ★

Nimitz Commission (S. J. Res. 70): (See above.)

Housing: Senate Appropriations Committee reported the Independent Office Appropriations bill on June 13, restoring to 50,000 the number of public housing units to be started in 1951. Passed by the Senate on June 20. The bill now goes to a Conference Committee.

Legislative Reorganization: Since June 6, the Senate Committee on Expenditures in the Executive Departments has been holding hearings on the Legislative Reorganization Act of 1946. The committee's report is expected to point the way toward further improvement of congressional organization and procedures.

Tax Bill (H. R. 4473): Calculated to increase Government revenue by approximately $7,199,000,000. House debate under a closed rule (no amendments allowed from the floor except for committee amendments) ended on June 22, when the bill was passed by a vote of 233 to 160. Hearings before the Senate Finance Committee will begin June 28.

Mutual Security Program: On June 19, eighteen members of the House Committees on Foreign Affairs, Armed Services, and Appropriations returned from their European consultation with General Eisenhower. House hearings on the foreign aid bill began on June 26.

Rivers and Harbors Appropriations: (See above.)

Aid to India (S. 872): Signed by the President on June 15 (Public Law 48).

Reciprocal Trade* (H. R. 1612): Signed by the President on June 16 (Public Law 50).

*Indicates League support.

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